

PROCEEDINGS OF THE LAFAYETTE PUBLIC UTILITIES AUTHORITY OF THE CITY-PARISH OF LAFAYETTE, STATE OF LOUISIANA, TAKEN AT A REGULAR MEETING OF AUGUST 3, 2004.

ATTENDANCE

COUNCIL: Rob Stevenson (Chair), Marc Mouton (Vice Chair), Christopher J. Williams, Ph.D., Louis C. Benjamin, Jr., Bruce Conque

ABSENT: None

COUNCIL STAFF: Norma Dugas (Clerk of the Council), Veronica Williams (Assistant Clerk), Monica Fontenot (Administrative Assistant)

ADMINISTRATIVE STAFF: L.J. Durel, Jr. (City-Parish President), Dee Stanley (CAO), Pat Ottinger (City-Parish Attorney), Terry Huval (Director of Utilities), Becky Lalumia (Director of Finance & Management), Eleanor Bouy (Director of Planning, Zoning & Codes)

COMMENCEMENT

(TAPE 1)(SIDE A)(001)AGENDA ITEM NO. 1: Call to order.

Chair Rob Stevenson called the Lafayette Public Utilities Authority Meeting of August 3, 2004 to order.

EXECUTIVE/PRESIDENT'S REPORT

(TAPE 1)(SIDE A)(005)AGENDA ITEM NO. 2: President's Report.
None was given.

(TAPE 1)(SIDE A)(007)AGENDA ITEM NO. 3: LUS Director's Report.

As a joint request with Slemco, Cleco and Entergy, Terry Huval requested that all electric customers set their thermostats at 78° from 12 p.m. to 8 p.m. in order to conserve energy. He has become concerned with the usage because if the transmission load line relief peaks at Level 6, it could cause rolling blackouts. Frank Ledoux gave a brief update regarding a recent meeting in New Orleans concerning a regional transmission proposal by Entergy. In the process of the meeting, he explained that LUS purchased 50% of the Rodemacher Unit that went on line in 1982. Cleco has a contractual obligation to deliver the power, which is a base load for LUS. LUS has been experiencing substantial problems with the delivery as a result of constraints, mostly on the Entergy system but occasionally on the Cleco system. He added that LUS customers were paying the bill to relieve constraints on the Entergy as well as the Cleco systems. The two companies are receiving payments from their customers to provide the services.

In addition to paying for a service LUS is not receiving, the customers are being charged at higher rates to relieve those constraints. The FERC representatives were very concerned with this issue. After meeting with Public Service Commissioner Jimmy Field, Entergy and Cleco agreed to get together and determine solutions to the problems and present them to LUS. Stevenson expressed his concerns regarding Entergy not taking responsibility on upgrading their system. Ledoux explained the investor owned utilities are not going to make investments in the transmission grid unless it is determined that costs can be recovered. FERC is providing an opportunity for the agencies involved to present something to LUS that would be reasonable and will resolve the problem.

Huval cautioned the issue is that the extra cost to generate from the Bonin Plant instead of the Rodemacher Plant, was \$1 million, which was broken down and submitted to LUS' customers. So far this year, the cost is already over \$600,000. He assured the Council that his staff will continue to be diligent regarding this matter and will keep the Council and the public informed as the issue progresses.

RESOLUTIONS

(TAPE 1)(SIDE A)(299)AGENDA ITEM NO. 4: R-008-2004(LPUA) A resolution of the Lafayette Public Utilities Authority supporting the Railroad Competition Act, S.919/H.R. 2924. A motion to approve by Benjamin, seconded by Mouton, and the vote was as follows:

YEAS: Williams, Benjamin, Conque, Mouton, Stevenson

NAYS: None

ABSENT: None

ABSTAIN: None

Motion was approved.

Huval explained coal is shipped by rail from the Powder River Basin in Wyoming for the Rodemacher Plant. At the time a contract was entered into to receive coal by rail, there was a regulated rail system. In subsequent years, part of it is now regulated and another part allows competition. There is approximately 1525 miles of rail that is used to receive coal for the power plant; 19 of those miles are by one monopoly provider. According to existing rail policy, LUS can only buy service from that one company. He has testified before Senate and Congressional subcommittees. Because of the monopoly of the railroad, it has captured the attention of some of the local Congressman. The bill is to provide some fairness to captive shippers, like Lafayette, in order to get the benefit of lower rates for the customers.

He added it would take time to go through the process. The more states that participate, the better the chance to progress forward. LUS is conducting research on possibly constructing a rail that would cross the Red River and the interstate and if it would be economically feasible to do it. In the past, railroad companies have returned with reduced prices. The projected cost is approximately \$40-50 million. Upon questioning by Stevenson, Huval explained the timeframe for which to build the railroad would depend upon how soon it can be built. Permits to cross the river and interstate would need to be obtained. It could possibly take 4-5 years to build. The Rodemacher Plant's life expectancy is considered to be good; however, the plant has been in service for 22 years. The average lifespan of a plant is 30 years.

ORDINANCES FOR FINAL ADOPTION

(TAPE 1)(SIDE A)(471)AGENDA ITEM NO. 5: O-029-2004(LPUA) An ordinance of the Lafayette Public Utilities Authority providing for the abandonment of the utility niche on Lot A-19 and Lot A-20 in Phase III of the Village of River Ranch, having municipal addresses of 120 Woodsboro Drive and 122 Woodsboro Drive, respectively. A motion to approve by Mouton, seconded by Benjamin, and the vote was as follows:

YEAS: Williams, Benjamin, Conque, Mouton, Stevenson

NAYS: None

ABSENT: None

ABSTAIN: None

Motion was approved.

INTRODUCTORY ORDINANCES

(TAPE 1)(SIDE A)(484)AGENDA ITEM NOS. 6-7: A motion was offered by Mouton, seconded by Conque, to approve for introduction the following ordinances, in-globo, and the vote was as follows:

YEAS: Williams, Benjamin, Conque, Mouton, Stevenson

NAYS: None

ABSENT: None

ABSTAIN: None

Motion was approved.

6. O-030-2004(LPUA) An ordinance of the Lafayette Public Utilities Authority providing for the abandonment of a portion of utility easements and the reserving of utility easements on Tract 1, Lots 87 and 88 in Phase 2 of Austin Village, having municipal addresses of 412 Digby Avenue and 413 Digby Avenue.
7. O-031-2004(LPUA) An Ordinance of the Lafayette Public Utilities Authority amending the Lafayette City-Parish Consolidated Government Code of Ordinances, Chapter 94, Article I, Section 94-12, "Exclusion of certain costs and revenues in computation of annual in-lieu-of-tax payment".

(TAPE 1)(SIDE A)(507)AGENDA ITEM NO. 8: Comments from the public concerning the above Introductory Ordinances.

No speakers.

COMMENTS FROM THE PUBLIC

(TAPE 1)(SIDE A)(511)AGENDA ITEM NO. 9: Comments from the public on other matters.
No speakers.

ADJOURN

There being no further business to come before the LPUA, Chair Stevenson declared the Regular LPUA meeting adjourned.

Norma A. Dugas
Clerk of the Council